

## **Crediting Military Service for FERS/CSRS Retirement Purposes**

### **Federal Employees Retirement System (FERS)**

In general, military service is creditable for retirement under FERS if:

- The military service was performed before the date of separation from the civilian employment upon which the annuity is based;
- It was active duty;
- It was not included in the computation of military retired pay, or if it was included in retired pay, the retired pay was awarded based on disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war; or granted under the provisions of chapter 67, title 10, of the U.S. Code;
- It was honorable service; and
- A deposit is made for military service when applicable.

**Active Military Service Performed Before January 1, 1957.** This service is creditable toward FERS retirement without a deposit.

**Active Military Service Performed on or After January 1, 1957.** You must make a deposit to credit this service toward FERS retirement eligibility and computation of your retirement annuity.

A deposit for military service must be made to your civilian payroll office before you separate; it cannot be paid to the Office of Personnel Management (OPM). Planning ahead will allow you to make the deposit in installments rather than a single payment. If your military service is required for retirement eligibility you must pay the deposit in full before your retirement can be processed.

The amount of the deposit is 3 percent of the basic pay earned during the periods of active military service plus interest. Interest begins to accrue on deposits for post-1956 military service 2 years after you were first employed (or reemployed after a period of military service) in a position subject to FERS deductions. Interest accrues and is compounded annually until the deposit is paid in full. Interest rates are determined by the Treasury Department each calendar year.

If you are receiving retired military pay, in addition to making the required deposit, you must waive your retired military pay at the time of your retirement from a FERS position to credit the service toward your FERS annuity unless:

1. You are retiring from civilian service after September 30, 1982 and have military service that was not used in the computation of retired military pay, such as enlisted service performed as a cadet or midshipman by an individual who retires as an officer or service in excess of 30 years.
2. The retired military pay was awarded:
  - On account of a service-connected disability incurred in combat with an enemy of the United States;
  - On account of a service-connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war; or
  - Under provisions of 10 U.S.C. 12731-12739 (retired pay under Chapter 1223 for members of the Reserves).

## Civil Service Retirement System (CSRS)

In general, military service is creditable for retirement under CSRS if:

- The military service was performed before the date of separation from the civilian employment upon which the annuity is based;
- It was active duty;
- It was not included in the computation of military retired pay, or if it was included in retired pay, the retired pay was awarded based on disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war; or granted under the provisions of chapter 67, title 10, of the U.S. Code;
- It was honorable service; and
- A deposit is made for military service when applicable.

**Active Military Service Performed Before January 1, 1957.** This service is creditable toward CSRS retirement without a deposit.

**Active Military Service Performed on or After January 1, 1957.** How active military service performed on or after January 1, 1957 is credited toward your CSRS retirement depends on when you were first hired by the Federal Government.

1. If you were first hired before October 1, 1982, you can either:
  - Make a deposit for the active military service and avoid a reduction in your annuity at age 62; or
  - Not make the deposit and have your retirement annuity reduced at age 62, if you are eligible for Social Security benefits (regardless of whether or not you apply for Social Security benefits). If you are not eligible for Social Security, your retirement annuity will not be affected.
2. If you were first hired on or after October 1, 1982, you must make a deposit to credit the active military service toward retirement eligibility and computation of your retirement annuity.

A deposit for military service must be made to your civilian payroll office before you separate; it cannot be paid to the Office of Personnel Management (OPM). Planning ahead will allow you to make the deposit in installments rather than a single payment. If your military service is required for retirement eligibility you must pay the deposit in full before your retirement can be processed.

The amount of the deposit is 7 percent of the basic pay earned during the periods of active military service plus interest. Interest begins to accrue on deposits for post-1956 military service on October 1, 1985, or 2 years after you were first employed (or reemployed after a period of military service) in a position subject to CSRS deductions. Interest accrues and is compounded annually until the deposit is paid in full. Interest rates are determined by the Treasury Department each calendar year.

If you are receiving retired military pay, in addition to making the required deposit, you must waive your retired military pay at the time of your retirement from a CSRS position to credit the service toward your CSRS annuity unless:

1. You are retiring from civilian service after September 30, 1982 and have military service that was not used in the computation of retired military pay, such as enlisted service

performed as a cadet or midshipman by an individual who retires as an officer or service in excess of 30 years.

2. The retired military pay was awarded:

- On account of a service-connected disability incurred in combat with an enemy of the United States;
- On account of a service-connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war; or
- Under provisions of 10 U.S.C. 12731-12739 (retired pay under Chapter 1223 for members of the Reserves).

## Action Required To Make A Deposit

\*All forms are available from the DON Civilian Benefits Center's website at <http://www.public.navy.mil/donhr/Benefits>\*

**Step 1:** Contact the Benefits Line (1-888-320-2917) and ask to speak to a retirement specialist for counseling about the impact of making a deposit for active military service on your retirement annuity. It is especially important to speak to a retirement specialist if you have multiple periods of military service.

**Step 2:** Obtain documentation of your military earnings during the period of your active military service.

- Complete an RI 20-97, Estimated Earnings During Military Service. Submit the completed form and a copy of your DD 214, Certificate of Release or Discharge From Active Duty (copy #4) (or other equivalent documentation) for the requested period of service, directly to the military payroll office for the branch of military service in which you served. If you served in more than one branch of service, you must submit a form to each branch. If you do not have a copy of your DD 214, you may request one by contacting the National Personnel Records Center.

If you were on active military duty during a period of leave without pay from your Federal position, but during this time received civilian pay subject to retirement deductions by using either annual or military leave, you will owe a deposit only for the period of active military duty not covered by civilian pay and retirement deductions. To ensure that the military earnings statement is only for the period of time you were not receiving civilian pay, note on the RI 20-97, "I am requesting estimated military earnings for only a portion of my active military duty, please see attachment." The military payroll office will process your request and you will receive a Statement of Estimated Earnings During Military Service. Depending on the branch of service, it may take 2–3 months to receive your earnings statement.

**Step 4:** Submit your request to make a deposit for your active military service.

- Complete the Application to Make Military Service Deposit FERS or CSRS.
- Attach a copy of the Statement of Estimated Earnings During Military Service that you received from the military payroll office and a copy of your DD 214 (copy #4).
- Mail or fax documents to the Civilian Benefits Center (CBC). Do not mail your application directly to your civilian payroll office, it must be reviewed and certified by the CBC.

**Step 5:** The Civilian Benefits Center will:

- Review the application, complete the agency portion of the form and certify as the agency official.
- Prepare an estimate of the amount of military deposit you owe and send you a copy of the estimate.
- Send the application to your payroll office.

**Step 6:** The payroll office will:

- Calculate the amount of your deposit.
- Notify you of the amount you owe and payment options. Processing may take 30 days or more.

**Step 7:** Once you receive notification from your civilian payroll office, you can either pay the deposit in a single payment or make installment payments. You must make the payment to your civilian payroll office, not the CBC.